

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 EB-07 INR-07 INRE-00 EUR-12  
NSC-05 CIAE-00 TRSE-00 NSCE-00 SSO-00 /059 W  
----- 055585 /12-S

O 180805Z DEC 76  
FM AMEMBASSY DOHA  
TO SECSTATE WASHDC IMMEDIATE 2126  
INFO AMEMBASSY ABU DHABI IMMEDIATE  
AMEMBASSY ALGIERS IMMEDIATE  
USINT BAGHDAD IMMEDIATE  
AMEMBASSY BONN IMMEDIATE  
AMEMBASSY CARACAS IMMEDIATE  
AMEMBASSY JAKARTA IMMEDIATE  
AMEMBASSY JIDDA IMMEDIATE  
AMEMBASSY KUWAIT IMMEDIATE  
AMEMBASSY LAGOS IMMEDIATE  
AMEMBASSY LIBREVILLE IMMEDIATE  
AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY MANAMA IMMEDIATE  
AMEMBASSY MUSCAT IMMEDIATE  
UFNPS/AMEMBASSY PARIS IMMEDIATE 0114  
AMEMBASSY QUITO IMMEDIATE  
AMEMBASSY ROME IMMEDIATE  
AMEMBASSY TEHRAN IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE  
AMEMBASSY TRIPOLI IMMEDIATE  
AMEMBASSY VIENNA IMMEDIATE

C O N F I D E N T I A L DOHA 1397

FOR THE SECRETARY

S/CL FOR SECRETARY-DESIGNATE

DEPT ALSO FOR NEA/ARP  
KPMO. 11652: GDS  
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TAGS: ENRG, OPEC, QA  
SUBJ: OPEC PRICE DECISION: LET US RESTRAIN OUR COMMENTS AND  
RENEW CALL FOR CONSUMER/PRODUCER COOPERATION

1. MEDIA ARE FEATURING COMMENTS OF PRESIDENT, PRESIDENT-ELECT,  
SECRETARY, SECRETARY-DESIGNATE, AND OTHER USG AND FOREIGN OFFICIALS

ON TWO TIER OPEC PRICE DECISION. I STRONGLY URGE THAT WE EXERCISE  
UTMOST RESTRAINT IN OUR PUBLIC PRONOUNCEMENTS. PRESS WILL HAVE  
ENOUGH OF A FIELD DAY WRITING ABOUT "THE DAY THAT WE BROKE OPEC",  
AND WE SHOULD AVOID ANY INSTANCE OF ASSOCIATING OURSELVES WITH  
SUCH GLOATING. WE SHOULD AND HAVE, OF COURSE, EXPRESSED OUR  
APPRECIATION TO SAUDIS AND UAE FOR THEIR RESTRAINT, BUT THIS,  
AS WELL AS RECRIMINATIONS AGAINST THE OTHERS, ARE BETTER HANDLED  
QUIETLY. OPEC MINISTERS THEMSELVES CANNOT HAVE YET DETERMINED  
IMPACT OF DOHA MINISTERIAL ON OPEC, BUT ALL ARE SENSITIVE TO  
SITUATION AND MOST, INCLUDING YAMANI, MADE POINT IN THEIR DEPARTING  
REMARKS OF EMPHASIZING CONTINUED VIABILITY OF ORGANIZATION.  
HOWEVER WE FEEL ABOUT IT, WE SHOULD AVOID PRONOUNCING IT DEAD  
OR MORTALLY WOUNDED.

2. IT IS OF COURSE TOO EARLY TO DETERMINE WHAT EFFECT TWO TIER  
PRICE SYSTEM WILL HAVE ON WORLD OIL SITUATION AS REGARDS PRICE  
AND PRODUCTION. HOWEVER, WE SHOULD HAVE NO RPT NO ILLUSIONS ABOUT  
SUCCESS OF OUR JAWBONING CAMPAIGN TO RESTRAIN PRICE INCREASE.  
IT IS A FACT THAT SAUDIS AND UAE WERE WILLING TO STAND AGAINST  
OVERWHELMING MAJORITY, AND YAMANI MADE IT CLEAR THAT SAG FOUND  
OUR ARGUMENTATION PERSUASIVE. HE ALSO DELIVERED US A HEAVY IOU  
LINKING SAG RESTRAINT TO OUR PERFORMANCE ON MID EAST SETTLEMENT  
AND NORTH-SOUTH DIALOGUE. IT EQUALLY TRUE, HOWEVER, THAT THE  
ELEVEN OTHERS REJECTED SAUDI EFFORTS TO IMPOSE ITS WILL, DESPITE  
IMPLICATIONS FOR OPEC ITSELF AND OIL PRODUCTION AND MARKETING  
SITUATION REPRESENTED BY SAUDI ARABIA'S COMMANDING POSITION  
AS MOST IMPORTANT PRODUCER. DEPTH OF THIS RESISTANCE INDICATED  
BY POSITION OF EVEN A MINISCULE QATAR, A CLIENT STATE AND  
APPENDAGE OF THE KINGDOM, WHICH RARELY DARES TO DEFY SAUDI WISHES.  
POSITION OF QATAR, KUWAIT, AND OTHERS WHICH WE EXPECTED TO GO  
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ALONG WITH SAUDIS BUT DIDN'T, MAY BE INDICATIVE THAT SAUDIS  
REFRAINED FROM EXCESSIVE ARM TWISTING.

3. IN ANY CASE, IT WILL NOT DO FOR US TO FURTHER AGGRAVATE INTRA-  
OPEC RELATIONS. OUR BILATERAL TIES WITH INDIVIDUAL MEMBERS AND  
THEIR BILATERAL RELATIONS WITH EACH OTHER, OIL ISSUES ASIDE,  
ARE TOO IMPORTANT FOR US TO ENJOY THEIR DISARRAY, PARTICULARLY  
IN GULF WHERE SAUDI ARABIA AND IRAN ARE KEYS TO REGIONAL  
STABILITY.

4. AS NOTED ABOVE, SAUDIS HAVE LINKED THEIR PRICE RESTRAINT  
DIRECTLY TO OUR PERFORMANCE ON MIDDLE EAST SETTLEMENT AND NORTH-  
SOUTH DIALOGUE. THIS IMPOSES HEAVY BURDEN ON BOTH THEM AND US,  
SINCE BOTH PROBLEMS ARE COMPLEX AND NOT AMENABLE TO QUICK  
SOLUTIONS, SO WE CAN'T GUARANTEE EITHER RESULTS OR EVEN VISIBLE  
PROGRESS. THE JACKALS WILL BE WAITING FOR US TO FALTER OR DELAY,  
AND THE SAUDIS WILL BE UNDER CONTINUING PRESSURE TO PROVE AGAIN  
AND AGAIN THAT THEIR AMERICAN CONNECTION PAYS OFF. THIS WILL INJECT

ANOTHER ELEMENT OF TENSION INTO SAUDI RELATIONS WITH OTHER ARABS,  
OPEC COLLEAGUES AND LDCS, AS WELL AS WITH US.

5. THEREFORE, I RECOMMEND THAT WE QUICKLY FOLLOWUP IN ALL OPEC  
CAPITALS NOT WITH GLEEFUL RECRIMINATIONS, BUT BY HOLDING OUT  
HAND OF QUIET CONSULTATIONS, REEMPHASIZING OUR WILLINGNESS TO  
DISCUSS AND COOPERATE RATHER THAN BERATE AND CONFRONT. I BELIEVE  
TIMING IS MOST IMPORTANT AND THAT WE BE INSTRUCTED TO MOVE  
QUICKLY. PERHAPS WE HAVE NOT MUCH MORE TO SAY THAN WE HAVE BEEN  
SAYING TO PRODUCERS BEFORE OPEC MINISTERIAL, BUT A QUICK  
FOLLOWUP EXPRESSING OUR CONCERNS AND LISTENING TO PERHAPS FAMILIAR  
COUNTER ARGUMENTS WOULD UNDERLINE THAT WE SEE OUR RELATIONSHIPS  
WITH PRODUCERS IN FRAMEWORK OF COOPERATION RATHER THAN ADVERSITY.  
THIS APPROACH MIGHT ALSO SERVE PURPOSE OF DRAWING OFF RESIDUAL  
BITTERNESS THAT "THE ELEVEN" BOUND TO FEEL AGAINST SAUDIS AND US.  
IT WILL NOT DO FOR SITUATION TO BE SEEN AS U.S. AND SAUDIS  
VERSUS REST OF PRODUCERS AND THIRD WORLD, WITH ROUND ONE GOING  
TO SAUDI-U.S. TEAM. IN THE AFTERMATH OF THE DOHA OPEC MINISTERIAL,  
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IT WOULD BE AN ERROR TO CONCLUDE THAT THINGS ARE NOW GOING OUR  
WAY, AND EVERYTHING WILL BE ALL RIGHT.

6. OTHER ADDRESSEES COMMENTS WOULD BE APPRECIATED.  
PAGANELLI

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**Film Number:** D760466-0117  
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